



# PRESS RELEASE

## Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

Date: June 3, 2016

Contact: \*CI-HQ-COMMUNICATIONSEducation@ci.irs.gov  
IRS – Criminal Investigation

CI Release #: CI-2016-06-03-A

### **Former Maryland Resident Pleads Guilty to Conspiracy to Defraud the United States**

*Used Secret Foreign Accounts to Hide over \$500,000 in Funds and Avoid Paying Taxes*

A South Carolina man pleaded guilty to a criminal information charging conspiracy to defraud the United States for the purpose of obstructing the functions of the Internal Revenue Service (IRS), announced Acting Deputy Assistant Attorney General Stuart M. Goldberg of the Justice Department's Tax Division and U.S. Attorney Rod J. Rosenstein of the District of Maryland.

According to information presented in court, Menachem Shoham, 67, conspired with several family members and with Martin Lack, a former asset manager at a firm in Zurich, to maintain undeclared offshore bank accounts in order to conceal assets and income from the IRS. Lack pleaded guilty in 2014 to a charge of conspiracy to defraud the United States.

"In today's plea, Menachem Shoham admitted to conspiring to defraud the IRS through the use of undeclared offshore bank accounts, secretly tapping into the funds through large cash withdrawals abroad and employing credit cards directly linked to the accounts to pay personal expenses," said Acting Deputy Assistant Attorney General Goldberg. "This case is another step in the department's ongoing efforts, along with its partners in the IRS, to actively investigate and prosecute the illegal use of offshore bank accounts, not just in Switzerland, but around the world."

"No matter how you attempt to disguise your income, one is still legally required to pay taxes on it," said Special Agent in Charge Thomas Jankowski of IRS-Criminal Investigation (CI) Washington, D.C., Field Office. "Today's plea is a reminder that IRS Criminal Investigation is committed to following the money trail across the globe and will not be deterred by sophisticated financial transactions."

As part of the conspiracy, Shoham and his family members traveled both within the United States and to the Bahamas, the United Kingdom and Switzerland in order to meet with Lack and obtain at least \$379,930 in cash withdrawals from their offshore accounts. The co-conspirators further obtained credit cards linked to their offshore accounts as an additional means of accessing the funds while at the same time concealing them from the IRS. Shoham and his family members also provided false information to their tax return preparers in order to conceal the ownership and control of the offshore accounts.

For the years 2005 to 2010, Shoham filed false U.S. Individual Income Tax Returns, Forms 1040, with the IRS, on which he failed to report his offshore bank accounts. For the years 1999 to 2010, Shoham was required to file annual Reports of Foreign Bank and Financial Accounts (FBARs) with the IRS; however, despite maintaining account balances which at times exceeded \$500,000, Shoham failed to file the required FBARs. As a result of the conspiracy, Shoham caused a tax loss to the United States of \$36,287.

At his Aug. 15 sentencing, Shoham faces a statutory maximum sentence of five years in prison. He also faces monetary penalties and restitution.

Acting Deputy Assistant Attorney General Goldberg and U.S. Attorney Rosenstein commended special agents of IRS-CI, who investigated the case, and Senior Litigation Counsel Mark F. Daly and Trial Attorney Robert J. Boudreau of the Tax Division and Assistant U.S. Attorney David Salem of the District of Maryland, who are prosecuting this case.

# # #